



Issues in public financial management and budgeting for the Sustainable Development Goals*

Summary

Effective, transparent, inclusive, and participatory financing and budgeting processes are required to implement the Sustainable Development Goals and ensure government accountability and legitimacy, especially given that the coronavirus disease (COVID-19) pandemic has led to an unprecedented increase in public spending. There is an overall need to strengthen the linkages between planning and budgeting processes, for example by embedding the Goals in budgets which could accelerate their achievement. One of the main enabling factors is political will at all levels, paired with sufficient human and financial capacities and strong leadership. Fiscal sustainability, oversight and budget credibility should be enhanced, and off-budget spending reduced. Expanded efforts to develop and adopt international norms and standards on managing fiscal stimulus packages and fiscal policy in times of crisis could also be valuable. Reforms might be needed to better support the achievement of the Goals, alongside further efforts to strengthen subnational governments and promote whole-of-government and whole-of-society approaches, while enhancing fiscal capacity and financial management systems.

Recommendations

The Committee recommends that the Council encourages Governments, especially in view of stronger budget pressures, to accelerate action to increase transparency and equal participation in and oversight of the budgeting process, establish transparent public procurement frameworks as a strategic tool to reinforce sustainable development and curb corrupt practices, and to embed commitments to the Goals in budgetary and

financial processes at the national and subnational levels by adopting practices to monitor and report on the use of public financial resources in support of the Goals, such as reorganizing budgets, based on programmes and activities, and mapping and tracking budgetary contributions to each Goal.

► See: ECOSOC resolution ([E/RES/2022/9](#))

* Excerpt from Committee of Experts on Public Administration, Report on the twenty-first session. See Official Records of the Economic and Social Council, 2022, Supplement No. 24 ([E/2022/44-E/C.16/2022/9](#))

Discussion

Introduction

The Committee stresses that effective, transparent and participatory budgeting processes are required to implement the Sustainable Development Goals, especially considering that the COVID-19 pandemic has led to an unprecedented increase in public spending. Approaches to embedding the Goals in national and subnational budgets vary, with some countries linking their budgets to all Goals and others just to a few of them. Countries are also concentrating on different focus areas, such as budget planning and formulation, execution, and the whole budget cycle. Some countries focus on central government budgets, while others include State -owned enterprises, subnational governments and social security entities.

There is a need to strengthen the linkages between planning and budgeting processes. Embedding

Issues at subnational level

National and subnational governments are encouraged to make budgeting as transparent, open, and participatory as possible. Challenges can occur when all decisions about budgeting are left to the local level, with implementation and success depending significantly on the political will of local politicians to initiate related processes, as well as on available resources.

The strengthening of finance and financial management capacities of local governments could enable them to transform their budgets into results that are part of a participatory effort to define local priorities in a strategic territorial plan. Building

budgeting into policy coherence approaches could help to advance budget transparency and participatory approaches, which is particularly challenging but relevant given current economic and fiscal constraints, with refocused policy priorities and difficult policy trade-offs.

The promotion of transparency and participation is key to understanding how national institutions have been affected by the pandemic, remediating negative impacts in the medium term, and strengthening the resilience of national institutions over the longer term. One of the main enabling factors to achieve transparent, open, and participatory budgeting is political will at all levels, paired with sufficient human and financial capacities and strong leadership.

competent public fiscal management capacity at the national and local levels, together with adequate oversight capacity, is highly recommended.

Central Governments could create incentives for local governments to work on projects related to the Sustainable Development Goals through the allocation of financial resources. The allocation of complementary local resources to effectively implement such initiatives should be monitored.

Strengthening budget transparency

Budget transparency remains insufficient in many countries due to budget complexity, lack of financial literacy and off-budget spending, with deliberate government efforts to hide spending from oversight and citizen scrutiny, including funding allocated outside the budget but approved by parliament. The basis for transparent budgeting already exists in most governments and could be upgraded for the purpose of budget tracking for the Sustainable Development Goals through all budgetary stages, considering local challenges, needs and lessons learned.

There is a need to increase transparency and oversight, including through timely, comprehensive, and evidence-based data and reports, made openly available to the public in an easily understandable manner, facilitated by digital technologies. That could be combined with fiscal literacy initiatives.

Budget credibility also needs to be strengthened, as budget deviations could endanger the provision of even basic public services in key sectors such as health, education, and agriculture, particularly in developing countries.

Underspensing in social sectors is often significantly higher than the aggregate underspending. It is necessary to explore the factors behind such deviations, which could erode the legitimacy of and trust in the government.

Promoting participatory budgeting

The application of participatory budgeting, particularly at subnational level, is recommended to involve citizens in infrastructure development and service delivery, while allowing some flexibility regarding the usage of funds. A simplified version of budget documents could be established to reach

The promotion of transparent budgeting for the Sustainable Development Goals calls for enhanced education on the 2030 Agenda and for linking fiscal transparency mechanisms to planning processes related to the Goals.

Some countries are using budget tagging to enhance transparency and support policy analysis in various areas. Examples include gender budgeting, green budgeting, and well-being budgeting.

Regarding Sustainable Development Goal budget tagging, countries usually define and estimate relevant expenditure, assign roles and responsibilities across institutions, put in place arrangements for quality control and integrate it all in their budget processes.

For institutionalization and effective implementation of Sustainable Development Goal tagging, ensuring inter-agency ownership, while considering target populations, including women and vulnerable groups, is recommended. Numerous benefits are also observed in the use of climate tagging, such as increased awareness of climate change in central finance and line agencies, better communication of government commitments, enhanced transparency and accountability, and help in mobilizing external funding.

different stakeholders and not only citizens. The sustainability of participatory budgeting processes needs to be considered and their success is linked to the interface between political and administrative levels of government and the building of legitimacy.


Different participatory budgeting initiatives and projects are realized around the world, at different scales and with different quality and outcomes. To increase their effectiveness, they could be integrated into national action plans. In some cases, a combination of top-down and bottom-up or project-based approaches could be more effective.


Participatory budgeting should build on an understanding of how existing budget processes worked and how to translate ideas into budget proposals and identify which ones were feasible, while allocating sufficient staff time and funding to the process. The creation of multi-stakeholder collaboration mechanisms and a supportive political


environment could be beneficial. The mitigation of organizational barriers and of the politicization of the disbursement of resources should be ensured, including by engaging citizens.

Possible benefits of participatory budgeting include greater accountability and legitimacy of governments; more efficient allocation of resources; better alignment of policies with local needs; and citizen empowerment. Over time, participatory budgeting processes might have to be modified to ensure high levels of participation and the actual execution of projects. International cooperation, peer-to-peer learning and research on participatory budgeting will be crucial going forward.


[Technical guidance for government officials](#)


 [CEPA strategy guidance note on fiscal and budget transparency](#)










 [CEPA strategy guidance note on participatory budgeting](#)

 [CEPA strategy guidance note on long-term public debt management](#)

[Related expert papers on this topic \(2016-present\)](#)

 [Transparent and participatory budgeting for the Sustainable Development Goals \(E.C.16/2022/6\)](#)
(24 January 2022)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)

 [Sustainable public procurement in the decade of action and delivery for sustainable development \(E/C.16/2021/4\)](#) (1 February 2021)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)

- 
- Integrating the Sustainable Development Goals into national and subnational budgeting and financial management with a focus on Cabo Verde (E/C.16/2021/3) (18 January 2021)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)
- 
- Budgeting for the Sustainable Development Goals ([E/C.16/2020/6](#)) (8 January 2020)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)
- 
- Strengthening fiscal management at the national and subnational levels ([E/C.16/2019/6](#)) (24 January 2019)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)
- 
- Collecting and spending money in such a manner as to best empower people and ensure inclusivity and equality ([Conference room paper](#)) (8 April 2019)
- 
- The use of tax records for the achievement of the SDGs ([Conference room paper](#)) (19 November 2018)
- 
- Building capacities and effectively mobilizing, allocating and managing budgetary resources for implementation of the 2030 Agenda ([E/C.16/2018/3](#)) (14 February 2018)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)
- 
- Enhancing efforts to use good governance to prevent, expose and deal with corruption: two significant measures (E/C.16/2016/6) (21 January 2016)
[Arabic](#) | [Chinese](#) | [English](#) | [French](#) | [Russian](#) | [Spanish](#)
- 
- Public and parliamentary oversight of State bodies in the fight against corruption ([Conference room paper](#) -Russian with summary in English) (27 January 2016)
- 
- The normalisation of corruption: why it occurs and what can be done to minimize it ([Conference room paper](#)) (December 2015)